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A SECOND

ESSAY

ON

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FREE TRADE

AND

FINANCE,

HUMBLY OFFERED TO THE

CONSIDERATION

OF THE

PUBLIC.

BY A CITIZEN OF PHILADELPHIA.

PHILADELPHIA:

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M.DCC.LXXIX.

To the HONOURABLE
The LEGISLATURES of the
THIRTEEN UNITED STATES OF
AMERICA,

This SECOND ESSAY
ON FREE TRADE and FINANCE,

Is most humbly  SCRIBED,

BY THEIR MOST DEVOTED

AND MOST OBEDIENT SERVANT,

THE AUTHOR.

A SECOND

ESSAY
ON

FREE TRADE and FINANCE, &c.

IN my last ESSAY I observed, that the value of money was nothing in itself, it was a mere relation, it was the proportion between the medium of trade and the objects of trade, which two will be forever in ballance, or equal the one to the other; therefore, if the money or medium of trade be increased, whilst the objects of trade or occasions of money continue the same, the value of the money must depreciate or lessen; and this depreciation must and will be (*cæteris paribus*) according to the increase of the quantity.

It follows hence, *that the value of the current money in any country, cannot be increased by any additions made to its quantity.* I don't pretend that these propositions are absolutely universal—I know that money may be so lessened in its quantity, as to be inadequate to the purposes of trade; in which case, an addition to its quantity would doubtless add to its value and use. 'Tis equally true, that the quantity of money may be increased to such an immensity of excess, that the very bulk or enormous mass would render it inconvenient for a medium of trade. I do not mean, nor does my argument require, that my propositions should be applied to either of these extremes, 'tis sufficient for my purpose, that they hold true in any country where the money or medium of trade is so duly adapted and proportioned to the objects of trade, that the one is found adequate and sufficient for the other, in which case, any departure from the said due proportion, either by increasing or decreasing the medium, must verge either towards one or the other of these extremes, and partake more or less of their disadvantages.

It follows from the above, that our national debt of Continental money has not increased in value for three years past, notwithstanding the vast increase of the bulk or nominal sum, and this proposition is proved from fact

fact (which is the best possible proof of any principle advanced in theory) for it is evident that it would not require one farthing more real value, say, country produce or hard money to buy up every Continental dollar now in circulation, than would have been necessary three years ago, to purchase all that was then in circulation, i. e. the depreciation has kept full pace with its increase of quantity. Indeed, I am of opinion, it rather exceeds this proportion, i. e. that the money has depreciated faster than the increase of its quantity would require, and that it would of course require a less real value to purchase it all now, than would have bought it all in three years ago. I think the enormity of the sum has carried it within the sensible influence of that fatal extreme which must finally destroy its whole value and use, if the quantity continues to increase.

It appears then that we don't owe a shilling more of real value than we owed three years ago, except the debt abroad and the loans at home which have been contracted since, so that our finances are not in so deplorable a state as they seem to be, and a remedy is much more in our power than would be imagined on the first view of the matter, and may be adopted for three years to come, if the war should continue so long, with less burden, hardship, oppression, danger, damage, and loss than we have, to our sorrow, experienced for three years past.

It follows then, that *all the expenditures of the war for three years past except the foreign debts and internal loans* (in which last I include the moneys due for lottery prizes) *have been actually paid in depreciation of our currency*, which is perhaps the most inconvenient method of levying public taxes that could be invented.

As this proposition may be new to some people, I only beg they would not be startled too much at it, but have patience to read a few lines further, in which I shall consider both parts of it.

Without going into minute calculations of the depreciation, or determining with precision the present exchange, I imagine it will not be disputed that the depreciation for three years past has been at least fifty per cent. per ann. i. e. that one hundred pounds at the end of the year, would not buy more goods than fifty pounds would have purchased at the beginning of the year. Try if for the year past, in August, 1778, fifty pounds would have purchased sixteen hundred of flour, fifty bushels of Indian corn, five hundred of bar iron, one and half hundred of sugar, twelve pounds of hard money, &c. See if one hundred pounds will buy as much now.

This is arguing on fact, which is stubborn and yields to the prejudice of no man. It appears then that a man who has kept one hundred pounds by him for the space of one year, is to all intents in the same condition he would have been in if the hundred pounds had kept its
value

value undepreciated, and he had paid one half of it in a tax, i. e. in both cases he would have had fifty pounds and no more left. He has then, to all intents and purposes, paid a tax of fifty pounds for the year towards the depreciation, and has now fifty pounds less money than he would have had, if no depreciation had taken place, as much in every respect as his cash would have lessened fifty pounds by paying a tax of that sum.

I have heard that this plea was made use of by the Agents of the New-England colonies, when the matter of reimbursements to those colonies, for their great expenditures in the two last wars, was debated and granted in the British Parliament, and the argument allowed to be a good one. The question was, what sums those colonies had emitted for the service of the wars, and what was the value of the bills to be redeemed; the Agents pleaded, that the value was to be estimated at the *time of emission*, not at the *time of redemption* of those bills; for when bills of credit depreciate in any country, *the depreciation is as much a tax on the inhabitants as the depreciated sum would be, if levied in the usual way of assessment, on poles and estates.* The argument is indeed a demonstrable one, and supported and justified by plain fact in every view, yet there is such a subtle and strong delusion in the depreciation as obscures the subject, and will almost cheat a man who views it, under full conviction, and feels the effects of it; and this tends to render the mischief more ruinous than otherwise it would be, because people who feel it often mistake the cause, and adopt from thence remedies altogether ineffectual, and sometimes very hurtful, and which often tend rather to increase than cure the evil.

Of this sort, I take to be, the whole torrent of censure and abuse which has been thrown out and kept up against the merchants, farmers, and tradesmen, for raising the prices of their several fabricks and goods. Of this sort likewise, I consider the absurd scheme of limitation of prices, which never fails to limit goods out of the market, at least out of sight, prevents importations and manufactures, discourages the adventures of the most patriotic merchants, who keep their money in trade through all risks, in order to produce foreign goods, without which, neither the country could be supplied nor the war be supported, checks the industry of the farmers and tradesmen, without which, all internal supplies must fail; fills the minds of all with ill humour, and raises the country into factions and heated parties, zealous to devour one another, &c. &c.

These are only a few of the evils which arise from mistaken causes of the depreciation of our currency, and the consequent, improper methods adopted for its remedy, all which prove the absurdity as well as the reality of defraying the expenditures of the war in that way, which naturally brings on the consideration of the second part of my proposition, viz. this method of paying the expences of the war is very inconvenient.

First.

First. Because this method brings the burden beyond due proportion, on the most virtuous and useful of our people, such as by prudence and œconomy have made money and got a good command of cash, lying in debts due on mortgages, bonds, book debts, &c. and at the same time operates in favour of the most worthless men amongst us, the dissipating, slack, lazy, and dilatory sort, who commonly keep themselves in debt, and live on the fortunes of others. These contemptible useless characters are enabled hereby, after keeping a creditor years out of his just due, to pay him off with one fourth, yea one eighth, yea one sixteenth, yea one twentyeth part of the value of the debt when it was contracted, by which the frugal and industrious are compelled to pay a very heavy tax to those useless idle men, by which many of them have acquired great fortunes, and of course great weight among us, to the manifest damage of the public; for the weight and influence of this sort of men, ought never to be increased to any community, for wherever we see one of them taking the lead among the people, we have reason to believe that mischief is a brewing, and that the public peace and security is more or less in danger. For the truth of this, I appeal to the experience and observation of all wise and good men.

Second. In this way the burden comes very heavy on the most helpless part of our people, who are most intitled to the protection of the state, and ought not to have their burdens increased; such as widows, orphans, and old men, whose principal dependence is on legacies, money at interest, &c.

Third. It oppresses the salary men and all public officers, both in church and state, whose fees and salaries are reduced to almost nothing, and any applications for relief, are apt to raise an unreasonable clamour against them, as if avarice and greediness of money was their principal passion. This prejudices the public service, in which they are employed, and discourages men of abilities from seeking or accepting such public offices, and lessens the weight and influence of those who hold them.

Fourth. This discourages industry and trade, for if the profits obtained by these, wastes in the desk, there is little inducement to increase the stock.

Fifth. This defrauds the army of their pay and appointments, and discourages enlistments, and promotes desertions, &c. Many would like the army very well, if they could live by the profession, but few are so attached to it as to be willing to be ruined there.

Sixth. It makes supplies for the army difficult to be obtained, because few men are fond of carrying the fruits of their years labour to the army, to be sold for a perishing medium, which every day grows worse and worse.

Seventh.

Seventh. The whole system is grounded in injustice, is contrary to the first maxims of upright dealing, and corrupts the whole course of trade and commutative justice, and of course will soon destroy all principles of morality and honesty in trade among the people; for here it is to be considered, that money is not only the instrument or means by which trade is carried on, but becomes a sort of *common measure of the value of all articles of trade*; and therefore, I should conceive it would be as dangerous to adopt any measures which would alter its value and render it fluctuating, as to alter the standard weights and measures, by which the quantity of goods sold in market are usually ascertained:—As for example, to shorten the standard yard, lessen the standard bushel, or diminish the standard pound weight, or adopt any measures that tend to this, and will probably effect it. We easily see the dangerous consequences, nor can there be any necessity to expose here the absurdities and mischiefs which must follow.

Enough has been said on this dreary subject, the mischiefs are too glaring to need further proof, a remedy is the great thing now to be sought: Ought we then to attempt a remedy of the mischiefs of *depreciation*, by any endeavour to *appreciate* our currency? I think not.

First. Because the sum depreciated has been paid by the country once already, by the depreciation itself in their hands, and there is no reason why the same country should be taxed to pay it over again, i. e. every man who has had a hundred pounds in his pocket a month has paid four per cent. i. e. four pounds of tax for it at least; but this is not the worst of it, for he has likewise paid four per cent. per month on all the monies that were due to him during the whole time (by which the public were not benefited). But execrable as this method of supplying the public exigencies may be, it has had its full effect, and therefore there can be no reason that payment should be made over again.

Second. *The evil arises from the fluctuation and changeable state of the currency.* It matters little to the community whether it rises or falls, the fall of it has hurt the rich, the rise of it will ruin the poor; but to continue the fluctuation by appreciating it, is to continue the whole evil in all its destructive force and ruinous effects.

Third. The mischief is done, and ought by no means to be repeated, the widows and orphans are already ruined, and I think it needs no proof that almost all the money is now possessed by people who have bought it at the present value, and shall the widows and orphans, with the rest of the sufferers, be taxed to raise or appreciate the money in the coffers of the rich, up to twenty times the value it cost them! verily I trow not.

Fourth. Any PROBABLE attempt to raise or appreciate the value of the money, would board it immediately, and

Fifth.

Fifth. *Destroy our trade*; for the rise of money in the desk, would be better than the profits of any trade it can be employed in.—And

Sixth. The scarcity would soon make the payment of taxes impracticable.—And

Seventh. Every poor man would lie perfectly at the mercy of the rich, who alone would be benefited by this distress; for if the poor should run in debt to the rich in the beginning of the year, the debt would be much increased by the appreciation at the end of the year, and so from year to year 'till the sum would rise beyond the utmost abilities of the poor man to pay it, and he must of course be perfectly at the mercy of his rich creditor:—Hence

Eighth. Popular discontents, and perhaps insurrections would probably be the consequence, and after all

Ninth. *This plan of appreciation would not be any remedy to the principal sufferers by the depreciation*, for not one tenth part of the appreciated currency would probably be found in the same hands that suffered by the depreciation, the increase of tax would be more to the greatest part of the people than all the profits they would gain by the appreciation.

Tenth. 'Tis not supposable that thirteen General Assemblies would concur in voting and levying such a useless, burdensome, and pernicious tax:—Nor if they would, is it likely that the people either could or would pay it?—Therefore,

Eleventh. It appears that these reasons, which prove that this *ought not* to be done, all tend to prove that it *cannot* be done, and this is a good reason why it ought not to be attempted. But to sum up the whole argument in one word,

Twelfth. All the mischiefs arising from a depreciation, would equally arise from an appreciation; but in an inversed order, and I think it will appear plain to any person of discernment, who duly and attentively considers it, that inverting the order, will infer many mischiefs more ruinous to the community, than those we have already felt from the depreciation: But in any view, the very idea that we are to live under the curse of a fluctuating currency eighteen years longer is intollerable.

Therefore I humbly propose, that the foolish method of denying the depreciation or lowering it below what it really is, may be wholly discontinued, and that as soon as the value of the currency is fixed, thence may be a rate or table of exchange established as near as may be to its then present true value, and that hard money be received and paid in the Continental Treasury according to it; this will effectually prevent its appreciation, and if means can be found to collect monies sufficient for future expenditures, which I don't think difficult, no further depreciation need be apprehended, the

the currency will become fixed, which is all that the safety of the states requires, and all that we can reasonably hope for, or even wish to accomplish.

I beg leave to insert here one proposition more, which I think deducible from the foregoing ones, viz. that if any country which had a medium of trade properly ballanced and adapted to the purposes of trade, should by any means receive a large addition of money without an increase of the objects of money, it would be more the interest of that country to call in and destroy that additional quantity by taxes (if it could not be drained off speedily some other way) than to let it circulate among them; for example, if by opening mines, by large treasure trove, by large successes and captures in war, or by too many presses the money should be increased beyond the due quantity necessary for the purposes of a medium of trade: In such case, I give my opinion, that it would be more for the benefit for such country to call in and destroy such surplusage of cash, by taxes equitably levied on all, than to permit it to circulate among them.—For

First. This increased quantity of money, if suffered to circulate, would depreciate 'till it had duly diffused itself over the country, when it would acquire a certain rate of exchange, and its value would become fixed, in such a manner, that the value of the whole would be just equal to the value of the money, which was in circulation before the increase happened, and consequently the country would gain nothing by it, but an increased nominal sum, just as if the standard yard should be shortened one half; and thereby increase the number of yards of cloth in the country to double the former number, but would not add one inch of new cloth, or enable the owners of all the cloth to make one garment more than before.

Second. While this was doing, vast mischief would arise from the depreciation, the legacies of the widow and orphans, the salaries and fees of public officers of church and state, the pay of the army, the value of all debts due, the standard of all contracts for money, &c. would be lessened to the most manifest injury of the creditors. Examples of which dreadful effects we see daily before our eyes, which forces the most striking conviction.

Third. I conceive these mischiefs would prove a much heavier burden on the country, and would have much worse effects, than could arise from a tax to amount of the increased quantity of money levied on the inhabitants.—For

Fourth. The inhabitants could not be impoverished by such a tax, as there would be as much value of money, and as much goods and other estate in the country after the tax was levied as before, and all the loss to the country would be the time and charges spent in collecting it, for all the goods sold for the payment of this tax, would

still remain in the country, and continue as valuable as they were before they were sold.

Fifth. The contentions, resentments and ill humour, which a depreciation naturally generates, would by this method be prevented, which alone, in my opinion would, if not prevented, impoverish the country more than the whole tax, even if the money was all borrowed from abroad to pay it. Only observe two neighbours inflamed with rage and resentment against each other, and see what time, money and labour they will spend, and how much they will engage their several friends in their quarrel, and how all kind offices of friendship and mutual assistance are totally lost between them during their anger. By this we may form some guess at the degree of impoverishment which a country must suffer by general discontents, and numberless instances of personal injuries and consequent resentments.

Hence it follows clearly, in my opinion, that it would be more for the interest of the Thirteen United States to call in and sink their Continental bills as fast as they issue, than to receive a sum of gold every year equal to the money issued, from some foreign power, as a perfect present never to be repaid, i. e. we had better pay every year, by taxes, the whole expenditures of the year, than to receive the amount of those expenditures in cash from Spain as a free gift. Though I introduce this proposition as a corollary, yet as it is of some consequence, we will, if you please, view it a while, and consider the operation and effects of its two parts, and we shall be better able to judge which of the two would contribute most to the real welfare and happiness of the country.

First. The tax would fix the currency, and thereby give establishment to every branch and department of *business, trade, war, civil police and religion*, which has any connection with money; but the gift would make such an increase of the circulating cash as would depreciate it (for hard money can and will depreciate as well as paper bills if increased too much) and thereby every department of *business, trade, war, civil police and religion* which has any connexion with money must languish and be enervated.

Second. The tax will promote the industry, prudence and economy of the people, but the gift will naturally introduce and encourage idleness and dissipation. Few men will rise early and eat the bread of carefulness, when money flows in upon them without their own anxious care. A man pressed with a demand for money for a tax or any other debt, does not yield to his own appetite, or the request of his wife or child for a luxury, so easily as the same man would do this with plenty of money and no pressing demand: For the truth of this, I appeal to the feelings of every man. No virtue is so fixed in the humane mind as to continue long undiminished without its usual motives

tives and inducements, and it requires no great experience in the world to shew us the danger of lessening any of these, the very beginning of remissness of virtuous habits ought to be as alarming as the swallowing of a slow poison, and this, as applied to my subject, is demonstrated by a very common observation, that fortunes suddenly acquired without the industry of the possessor, rarely ever increase his happiness and welfare, help his virtuous habits or continue long with him, they most commonly ruin him. Money in a state, is like salt in cookery, some of it is very necessary, but too much of it spoils every dish, and renders the whole dinner unsavory to the taste and hurtful to the health.

Third. The tax will operate in a way of justice to all, and therefore will give general peace and satisfaction to all good men, to all genuine Whigs and well disposed people, and will silence the clamours and disappoint the hopes of the Tories, which are grounded principally on the uneasiness and jealousies, injuries and resentments which wrong steps will raise among the people. The operation of the tax would be just this, it would compel the man who stays at home and renders no actual service, and furnishes no supplies to the war, to pay as much as those do who render the actual service and furnish the supplies: Those who render personal service and furnish supplies, contribute those great aids in solid substance within the year, and therefore those who stay at home ought to pay their quota's of solid substance also within the year. There can be no reason given why those that go into the war should render their service within the year, and those who stay at home should pay nothing, or be trusted to some future day. This method is grounded on such manifest justice, that no Tory, however litigious, can with any good face object to it; and therefore, however chagrined at heart he may be, he must keep his mouth shut, or look out for some other subject of complaint to make a noise about; but the natural operation of the gift would be very contrary to this, there would be so many schemes and pretences set on foot to draw for the money before it could leave Spain. So many favorites crowding round every office of distribution in every department, and in short such a scramble for the biggest share of it, and so much chagrin, disappointment and mortification occasioned, and so many jealousies, quarrels and resentments excited by it, as would, in my opinion, injure and impoverish the States much more than the tax would do. But all this I submit to those who have been best acquainted with public boards and offices.

Fourth. The most of the above arguments have been confirmed by facts in many notorious instances, which are the best proofs in matters of this sort which can be advanced: The spoils and luxuries of Capua ruined Hanibal's army; the sack of Carthage and plunder

of the rich Eastern conquered provinces corrupted the morals of the Romans, destroyed their æconomy, brought in luxurious excesses, bred the most mortal quarrels, overturned the commonwealth, introduced tyranny, and ended in the most tragical destruction of the Roman State; the Portugeze, who were once most untainted in morals and most intrepid in war, 'tis said, were ruined by the mines of the Brasils, are now an enervated people, without manufactures and internal supplies, a nation of Lords poor in the midst of money, and proud in the midst of want, and are scarce a shadow of their ancestors, and to come nearer home, the successes and spoils of the last war ruined the English nation, they are no longer that wise, that faithful, that benevolent humane nation which we were ever taught to esteem them, but rude, faithless, cruel, savage, avaricious, fordid, &c. with scarce a single virtue left in their character; the principal remains of our ancestors is their prowess in war, but even this is perverted, this which was heroism in them, is inhumanity in the present generation, the sword, which was the terror of their enemies, is by the present race sheathed in the bowels of their brethren. It follows hence, I conceive very clearly, that the riches of a nation do not consist in the abundance of money, but in number of people, in supplies and resources, in the necessities and conveniencies of life, in good laws, good public officers, in virtuous citizens, in strength and concord, in wisdom, in justice, in wise councils and manly force. From all these considerations, it appears plain to me, that sudden acquisitions of money are dangerous to any country, and have in many instances proved very ruinous and fatal, to states and kingdoms as well as individuals, and from hence I think we may fairly and strongly conclude, that it is not the wisdom of America to attempt by any means of gift or loan, an acquisition of money from any foreign powers, but by strong exertions of our own to furnish our own supplies. We have money enough for our own purposes, and as good as any in the world, if we can be wise and firm enough, by proper measures to fix its value, and preserve it from future fluctuation.

But if these arguments should not be convincing, I will venture to add one more, which with me has great weight.

Fifth. By a tax we shall furnish our own supplies in a sure way, not liable to disappointment by any caprices of others, nor subjecting us to any sort of dependence on foreigners; we shall work out our own salvation without dependence on any power but divine providence, which we may ever acknowledge without danger of insult; but if we receive aids from foreign states by loan or gift, the obligation conferred on us will be ever great in their opinion, and should we ever have occasion in future time to adopt any measures not perfectly consistent with their views and demands, we must be insulted with

with large exhibitions of the present favours, and as large and plentiful accusations of ingratitude, and it may be long before we hear the last of it. As 'tis more reputable for a man to acquire a fortune by his own industry, than by heirship, favour of friends, or sudden accidents, so I think our own deliverance and establishment, wrought out by our own strong exertions and virtuous efforts, will be more honourable and safe for us, than to receive these great blessings from the gift of a neighbour, were he willing to bestow them. The English never will have done holding up to the view of the Dutch the supplies and aids they received from the English in Queen Elizabeth's time, and the Portugueze are obliged to hear a great deal of the same sort of language, on the score of assistances received by them from the English in the late wars.

Indeed I know not how we can call ourselves independent, if we are to lie under such sort of debts to our neighbours, especially if to the obligations of gratitude, we are to be loaded with the additional one of large sums of hard money, with a corroding annual interest to devour the proceeds of our labours and trade for ages to come.

I would sooner consent to bear any present burden, not absolutely intolerable, than find myself and posterity loaded with such a heavy gauling debt, to last as other national debts most commonly do, forever, and the States so oppressed and drained by it, as to have scarce spirits or strength left to resent any insults or injuries that may be offered in future time, or repel any invasions that may be attempted.

Indeed the alliance we have formed with France, is grounded on such generous principles of justice, mutual interest and independence, as plainly demonstrate that it is not the wish of France that our minds ever should be disturbed by any of these painful feelings, and I think it would be very mean in us to abuse their generosity, and we might be ashamed to worry them for supplies, which we could better furnish ourselves than receive from them, especially to solicit France for money to pay the interest of loans from our own people, certainly has a bad look. If a son should demand the security of a stranger for monies lent to his father, people would certainly say something—

We hope to form an alliance with Spain on principles of equal justice and mutual benefit, but we shall soon lessen our character in their eyes, if we improve our first acquaintance in begging aids, which, with proper application and industry, we could well do without. But whenever real necessity does press us beyond our own powers of relief, we may then, without humiliation, apply for help to our friends, and I don't doubt but they would give with pleasure to our real necessity, what they would either deny or grudgingly spare to our laziness or needless solicitations.

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I presume 'tis needless to add any more arguments to prove the necessity or expediency of taxing equal to our expenditures, but the great groan still is, that this is impracticable; it cannot be done. To all I have said before, I beg leave here to add some further arguments, to prove the practicability of this method; three years ago, it was said, there is no danger yet, 'twill be time enough to tax some time hence, 'tis now said, 'tis too late, we are involved so much that a tax adequate to our present occasions for money is impossible, had we began sooner it might have been done, but now 'tis too late. I take it that all this talk arises from an improper view of the subject.

First. We are under as good advantages to relieve ourselves by taxes now as we were three years ago, to all intents and purposes, and in some respects better; we are involved in no more debt, except the foreign and home loans, than we were then, the circulating cash is no more in value now than it was then, the increase of nominal sum makes no difference; and therefore, if it was necessary to call it all in (which I conceive is by no means the case) it might be done at the same expence now as then, i. e. it would not require any more hard money or country produce to purchase it all in now, than it would have required three years ago, and we have sundry advantages in favour of taxing now, which we had not then, viz. 1st. A general conviction of the absolute necessity of taxing. 2d. Established legislatures to levy the tax, both which were wanting three years ago. 3d. The money to be collected by the tax is more equably diffused or spread through the Thirteen States than it was three years ago, and therefore the people in the remotest parts, as well as those who live near the seat of war, are enabled to pay their tax. 4th. People are more settled in business than they were three years ago; the violent shock of the war threw very many people out of their common course of business, or at least much incommoded them, but they are now more settled, either in new branches of business, in public employments, or find the profits of their former business in some measure restored. 5th. The farmer and most tradesmen can pay their taxes much easier than they could do three years ago, because there is much greater demand and price for the fabricks of the one and the produce of the other, than there was three years ago. To these many other reasons might be added, all grounded on facts of public notoriety, and therefore are freely submitted to every person who has resided three years among us.

Second. All the services and supplies for which the tax is wanted, are actually furnished every year by the Thirteen States, and have been for four years past, now is it more possible, more reasonable, or more easy to compel a few individuals to furnish these services and supplies without payment, than to lay the burden in proper proportion

tion on all, and to compel every individual to furnish his part? i. e. I do contend it is more easy, more reasonable, and therefore more practicable, and of course very possible to compel those that stay at home and render neither personal services nor supplies to the war, to pay as much real value or substance in money as those do who render the services or furnish the supplies, and if any of these stayers at home think this comes too hard on them, let them change places a while with those that do render the services or furnish the supplies, i. e. let them go into the army in person, or send their corn, their beef or other supplies, and when they have tryed both, they will know which is easiest, and will always have their option to take the one or the other, and will be convinced that both are possible and practicable. Can any man make any reasonable and weighty objection to this? Yet this is all that is required, for when the services are re-rendered, and the supplies are furnished, and both are paid for, the whole business is done, and the tax has had its full effect.

I will venture to add my opinion, that this reasoning will be verified in fact to very good purpose, viz. that when it is observed that the man that renders the actual service is paid fully for it, and the man who stays at home must pay his full quota towards it, that many who now stay at home will be induced to go and render the actual service, and thereby avoid making the payment at home, and become intitled to receive it in the army, which will greatly facilitate the recruiting service. An object of no small magnitude.

Third. The Tax which I propose, collected in quarterly or monthly payments, will occasion such a quick circulation of money, that every bill will probably pay its value many times over in a year, as it must do every time it passes from hand to hand, it will fly from the Commissary to the farmer, from him to the Collector, from him to the Treasurer, from him to the Commissary, from him to the farmer again, &c. in a circle often repeated in a year, consequently it would be possible to levy a sum in a year by taxes, much exceeding the whole sum of current cash; it would render the whole Thirteen States like a full market, where all persons are eager to sell all they have for sale, and as eager to buy all which they have need of, and if this circle of business was permitted to run without any restraints, it would render the procurement and payment of money as easy as the nature of the thing admits, would vastly lighten the burden of taxes, and would give such great advantages, both to the farmer, mechanic and trader, as would in good measure reimburse the tax itself.

Fourth. Some peculiar circumstances of this country, much contribute to make the payment of taxes practicable and easy. Those places which have suffered most by the war, lie nearest to the seat of it, and of course have the greatest plenty of money, and have the be-
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nefit of the quickest demand and highest price for every thing they have for sale, whilst it happily falls out, that those towns and counties that lie most remote from the seat of the war, and have the greatest scarcity of money, yet have been least impoverished by the war, and are almost every one of them fine grazing fruitful countries, which produce great quantities of beef, mutton and pork, which may be easily conveyed to the army on the foot, and thereby facilitate the payment of taxes and supply of the army at the same time. Another favourable circumstance is this, the enemy can't supply themselves, especially with those articles we most want, otherwise than by importing them, and as their vessels can't always go under convoy, they often become a prey to our ships of war and privateers, by which we gain a supply of foreign necessaries, without contracting a foreign debt, those concerned are enriched, the objects of trade are increased, and the payment of taxes and supply of the army greatly facilitated. The benefits of this we have often experienced, and perhaps might increase them, if our cruising business was more properly conducted, and more liberally encouraged. Upon the whole matter, I beg leave to close this Essay with a short view of the present state of our finances, then to offer my propositions of trade and finance, and lastly, point out the effects and operations which I conceive these will have on our trade, currency, and army.

First. Our present debt is what we owe abroad, all our domestic loans, and all the paper currency now in circulation, with enough more (if more is necessary) to ballance our public accounts.

Second. The currency I rate at its present value, and admitting the nominal sum to be about one hundred and sixty millions of dollars, the real value may be eight or nine millions of dollars, and which I conceive is not a larger sum than is at all times necessary for a medium of trade the in Thirteen States.

Third. The great interest of those States, I take to be, fixing the value of the currency, and preventing the further fluctuation of it, either by depreciation or appreciation; for I conceive these to be equally destructive, or if there is any difference, the latter is the worst of the two. — For this purpose,

Fourth. I think the further increase of the currency should be prevented, and the presses stopped as soon as may be, and this I think may take place on January next, nor do I see how it can be done sooner. What the further fluctuation of the currency will be in the mean time is uncertain, but the two most powerful means, I know of, to prevent the future depreciation, are the heavy tax to be collected in this time, and taking off all restraints from trade; if this last is not done, the scarcity of goods will be so great, and the objects of trade so few, that no wisdom can prevent or force suppress the exorbitant

orbitant rise of goods before that time, especially of salt, rum, coffee, tea, and other articles of great consumption, that have been limited much below the cost and charges of importation.

Fifth. I propose that a course of taxes be instituted, to be paid monthly or quarterly, equal to the public expenditures.

Sixth. When the presses are stopped, and an effectual method of supplying the Treasury by taxes is well secured, the Continental money will in a short time make for itself an exchange, or gain a fixed value; 'tis impossible now to say what that value will be, but however it fixes it will be right, and then I propose,

Seventh. To fix the exchange according to that value, by directing that hard money shall be paid and received in the Treasury at that exchange, which will effectually prevent its appreciation: And if an adequate tax is well paid, the depreciation also will be effectually stopped. E. G. If the exchange should be fixed at twenty for one, and any person is disposed to pay his tax in hard money, let one dollar be received in full for 20 paper ones, and let all payments be made from the Treasury by the same exchange:—But you will say, what is to become of the public faith? and I say, what is become of it already? I leave it where I found it, I don't make it any worse, but endeavour to preserve it from further decays. If nineteen parts out of twenty are dead already, I am for preserving the twentieth part which remains alive; perhaps by good management and proper nursing, it may grow into full magnitude, but to effect this, it appears to me very necessary to purge it of all those deadly mixtures and bad adherents which have already brought it within an ace of total destruction. However this may be, I think it appears very plain, from what has been before advanced in this Essay, that continuing the dreadful mischiefs and injuries of a fluctuating currency for eighteen years to come, will no how atone for the wrongs or compensate the damages incurred by that destructive delusion in four years past, and I can't conceive on what principles any man could wish to purchase such a deadly evil for many years to come, at the expence of heavy galling taxes, almost as useless, difficult and desperate, as the rolling of Sisyphus's stone.

Eighth. And for the same reason, all debts due from or to the Treasury, ought to be paid at the exchange which existed at the time they were contracted; and therefore, I think it necessary, to form a table or rate of exchange for every month, from the first depreciation of Continental bills up to the aforesaid period, when they shall become of fixed value, and that all Loan-Office certificates be paid according to the exchange which existed in the month in which the certificates were dated, and that all other debts be paid at the exchange which existed when they were contracted, and all interest due ought

to be paid at the same exchange, as the debt out of which it grows. This appears to me so manifestly just and reasonable, that I can't think any objection can be made to it, and therefore to offer any arguments in support of it, would seem to call into doubt the justice of my country. I have only to observe, that great judgment and accuracy will be required in forming those rates of exchange, as any error in these would introduce an error into the adjustment of all contracts for money, which yet remain unsettled.

Ninth. The currency fixed as above, will be just sufficient for a medium of trade and no more, and if we can by firm and proper steady conduct keep it fixed, it will answer all the ends of a medium of trade, without any inconveniency, for no one can suppose it is of any consequence, whether we estimate a dollar at three pence, or six pence, or nine pence, or ninety pence, if it continues the same at all times, with no more variation than is ever incident to the nature of money. — Therefore

Tenth. There will be no immediate occasion for further taxes for sinking any part of the bills, which are or shall be in circulation on the 1st of January next, for no reason can be assigned why the country should be taxed to lessen the quantity of money in circulation, when there is no more in being than is necessary for a medium of trade.

Eleventh. The method I propose will, by its natural operation, keep the army full of men and well supplied, and we may be in good condition to carry on the war any length of time that may be necessary, till it can be closed by a safe and honourable peace.

Twelfth. And this method will also, by its natural operation, fix our finances on the best and surest footing that can be wished, our currency will be as good as any on earth, and all the resources of a most plentiful country will be properly and effectually opened for the use of the public, at whatever time and to whatever amount the public exigence and necessity may require.

Thirteenth. When the war shall cease, it will leave us in a manner free of debt and little impoverished, we may easily, when the war is over, pay our foreign and domestic loans, and whenever we find it necessary, sink the whole current bills, all which may be done in a short time, and without any burdens so heavy as to endanger the peace or prosperity of the States. Every other scheme which I have heard proposed, leaves us subject to two dreadful calamities: 1st. The danger of sinking under the weight of the war. 2d. If we get through that, yet we shall be left under such a load of debt, which must be sunk by such long and gauling taxes, as will almost make our lives a burden. and our liberty a dear purchase, yea, the weight of the debt will abridge our liberty itself, for I know not how any persons

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or states can be called intirely free, who are deeply involved in debt beyond their present powers of payment.

Fourteenth. This method will be a good criterion by which we may distinguish the Whigs from the Tories, this scheme touches the present cash, it compels the present and actual contributions of every one to the great cause of American liberty, this will rouse the feelings of every Tory, partly because his present cash is called for, and partly because it establishes the system of liberty which he wishes to see destroyed. And as we have reason to suppose that much English gold is spread among us, for the purpose of bribing our most popular and able men, it will be of great consequence to discover who they are that may be thus engaged to destroy us, and as they probably will assume the character of zealous Whigs, they can't be better distinguished than by the temper in which they receive such propositions, as promise an effectual remedy of the mischiefs and dangers which most threaten our destruction, and at the same time blast the surest hopes and confidence of our enemies.

Thus I have a second time given my thoughts, with the greatest freedom, on the great subject of free trade and finance, a subject perhaps as difficult and intricate as any whatever. A good financier is as rare as a phoenix, there is but here and there one appears in an age, yet in our present circumstances, a good financier is as necessary as a general, for the one cannot be supported without the other: I don't pretend to be equal to the great subject, I know I am not, but in these times of distress, every one ought to contribute what he can, and my fortunes are so impaired by the depredations of the enemy, and my health and constitution so broken by their insult and cruelty, that I have little left but sentiments and kind wishes to bestow, and as the widows mite was of great account in heaven, I hope my mite may be candidly received, as it is most uprightly intended.

I know the limitation of trade, the doctrine of loans, and appreciation of our currency are much favoured by the general voice of the people, my Essays are directly opposed to all three, and I have only to say in excuse, that I should not venture to face the censure and ridicule of the public, if I were not really convinced of the high impropriety of all the three mentioned doctrines, and the absolute necessity of adopting sentiments and measures the most opposed to them. 'Tis with great pain I differ in sentiments from many gentlemen of shining abilities, great experience, and most undoubted integrity, and was the importance of the subject at the present crisis less, I should not obtrude my thoughts on the public, nor have I the vanity to imagine that the feeble Essays of an obscure individual, can correct the errors of a Continent, I only hope my publications may be so far regarded, as to bring on a most serious enquiry and thorough discussion of the
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weighty subject, by men of genius and abilities, equal to the mighty task, that so the real source of our calamities and their proper remedies may be discovered, and the wisest measures may be adopted and pursued with diligence, spirit, and decision; for however weak or ridiculous my Essays may be deemed, the subject of them will be acknowledged of sufficient weight to engage the attention of the most able and respectable characters among us. — *Si nō si rectius illis candidus imperti, si non, his utere mecum.*

PHILADELPHIA, AUGUST, 20, 1779

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